GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1387
ANSWERED ON:11.03.2005
REDUCTION OF NATIONALISED BANKS
Yadav Shri Ram Kripal

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any pian to reduce the branches of nationalised banks;

(b) if so, the numbr of banks allowed to reduce their branches;

(c) whether any rural branches are also being closed under this plan: and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) :

(a) and (b) No, Sir. The Reserve Bank of India (RBI) has however, reported thst it has given reasonable freedom to the banks to open new branches at places of their choice and close down {heir un-remunerative branches in Urban and Metropolitan Centres (excluding SSi/SIB and Agriculture Development Branch) without the approval of the RBI. It has further reported that the Banks have also been given freedom to merge/close their loss making branches in Semi-urban and rural areas under certain specified circumstances. There has however, been no reduction in the total number of rural, Semi-urban and urban branches during the last ten years.

(c) and (d) RBI has reported that three banks, namely, the Indian Bank, UCO Bank and United Bank of India were allowed to rationalize their branch net work by closure/ merger of their loss making rural branches under the `Reconstruction Plan` of weak banks approved by the Government and the RBI, in ordr to reduce their expenditure without affecting the banking services at the rural centers.